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## Acemoglu, D., and Johnson, S. (2023). Review of Power and Progress: Our Thousand-Year Struggle Over Technology and Prosperity

In an age where technology is advancing at an unprecedented pace, we often hear that innovation will inevitably lead us toward a brighter future. The promise of artificial intelligence, digital tools, and automation are seen as pathways to solving some of humanity's most pressing issues. Yet, with each new breakthrough, we face increasing inequality, environmental degradation, and the consolidation of power within a few hands. These contradictions lie at the heart of Power and Progress: Our Thousand-Year Struggle Over Technology and Prosperity, a timely examination of who truly benefits from technological progress.

Written by Nobel laureates Daron Acemoglu and Simon Johnson, who were recently honored with the 2024 Nobel Prize in Economics, the book provides a sharp critique of the optimistic vision that technology alone can create shared prosperity. Acemoglu and Johnson argue that technological advancements have often been manipulated by powerful elites to serve their own interests. They provocatively assert, "Progress is never automatic. Today's 'progress' is again enriching a small group of entrepreneurs and investors, whereas most people are disempowered and benefit little" (pp. 12). With this assertion, they underscore the urgency of redirecting the course of technological development.

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The book is divided into eleven chapters, each addressing different facets of the relationship between technology, power, and prosperity. In Control over Technology, Acemoglu and Johnson begin by exploring how, from the industrial revolution to the digital age, technology has been leveraged as a means of control.

They reference historical events like the automation of textile factories in Britain, which enriched factory owners at the expense of workers. In the next chapter, Canal Vision, they delve into how ambitious visions can lead societies astray, illustrating this with the Suez and Panama Canal projects, contrasting successful and disastrous outcomes.

Each subsequent chapter builds on these ideas, expanding the critique to include modern-day phenomena. Power to Persuade and Cultivating Misery reflect on how governments and corporations persuade the public to accept detrimental technologies. The authors state, "Better surveillance would lead to more compliant behavior" (pp. 45), a nod to the enduring legacy of Bentham's panopticon concept. These chapters underscore the fact that technological advancements often serve to increase social control rather than liberate the masses.

As Acemoglu and Johnson delve deeper into topics such as AI and automation, their arguments become even more pointed. In Digital Damage, they explore how digital technologies exacerbate inequality, while Artificial Struggle addresses the labor displacement caused by automation. With a sobering tone, they warn, "Automation raises average productivity but does not increase—and in fact, may reduce—worker marginal productivity" (pp. 83). Each chapter reinforces the idea that these advancements, far from being neutral, are directed by those in power to maximize their own benefits.

From here, the book shifts its focus to the broader implications of these developments, examining the concept of "so-so automation" and the implications of AI on future labor markets. The authors argue that while AI could potentially enrich society, it often deepens existing inequalities. The book argues that we are on the verge of an AI-powered "two-tiered society, in which workers and those commanding economic means live separately" (pp. 109). This view highlights the urgency for governments

and societies to intervene before technology irreversibly widens the wealth gap.

Acemoglu and Johnson's narrative is interwoven with empirical examples that bring abstract ideas to life. For instance, they reference the deployment of self-checkout kiosks in retail stores as an example of "so-so automation." These machines replace workers but do not significantly increase productivity, illustrating how minor technological changes can have major societal impacts (pp. 129).

As the authors connect these ideas to contemporary issues, they reflect on the resilience of society in the face of rapid technological change. They emphasize the importance of public policy, education, and labor organization in ensuring that the benefits of technological progress are widely shared. As they put it, "Shared prosperity is more likely when countervailing powers hold entrepreneurs and technology leaders accountable" (pp. 147). This emphasis on shared responsibility aligns well with ongoing discussions around regulation and corporate accountability in the tech industry.

The perspectives presented find strong resonance within the current body of research on automation and its broader economic impacts. Their critique of "so-so automation" aligns with findings from Kromann *et al.* (2019)<sup>1</sup>, who examined cross-industry data and concluded that increased automation, particularly in robot-intensive industries, significantly boosts total factor productivity (TFP) by over 6% per standard deviation increase in robot intensity. However, this productivity boost does not necessarily translate into widespread economic benefits, as highlighted by Png (2020)<sup>2</sup>, who demonstrated how task specialization through automation can reduce coordination costs and increase efficiency, yet often leaves workers with reduced roles and diminished bargaining power. Together, these studies illustrate the complexity of technological progress and reinforce Acemoglu and Johnson's argument: that without deliberate intervention, the gains from automation risk being captured by a select few, rather than distributed equitably across the workforce.

Bringing the narrative to a close, Acemoglu and Johnson pose a crucial question: Can we redirect technological progress toward a more

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equitable future? They suggest that the answer lies in collective action and the democratization of technological benefits. "We must find ways of countering power with alternative sources of power" (pp. 153), they assert, calling on readers to participate actively in shaping the future of technology.

In summary, Power and Progress by Acemoglu and Johnson is a clarion call to rethink the course of technological progress. The authors argue that technology alone will not save us; rather, it is through shared action and accountability that we can build a more equitable world. They conclude with a powerful reminder: "The direction of progress is not set in stone. It is up to us to decide what we will build" (pp. 255).

This statement, both a challenge and an invitation, resonates with the urgency of our times, urging readers to engage in the ongoing debate about the future of technology.

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## Notas al final

<sup>1</sup> Kromann, L., Malchow-møller, N., Skaksen, J., & Sørensen, A. (2019). Automation and productivity—a cross-country, cross-industry comparison. Industrial and Corporate Change. <u>https://doi.org/10.1093/ICC/DTZ039</u>

<sup>2</sup> Png, I. (2020). Automation, Job Design, and Productivity: Field Evidence. Operations Management eJournal. https://doi.org/10.2139/ssrn.3597725